

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1
FINANCIAL REPORT
DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

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To the Board of Commissioners
Allen Parish Ambulance Service District No. 1
Kinder, Louisiana

We have audited the accompanying basic financial statements of Allen Parish Ambulance Service District No. 1, a component unit of the Allen Parish Police Jury, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Allen Parish Ambulance Service District No. 1 as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Allen Parish Ambulance Service District No. 1 has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

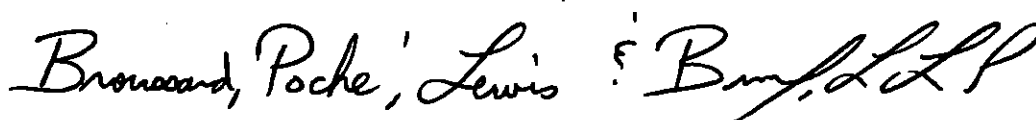
Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allen Parish Ambulance Service District No. 1's basic financial statements. The accompanying schedules of board fees are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of board fees is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the Allen Parish Ambulance Service District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Allen Parish Ambulance Service District No. 1's internal control over financial reporting and compliance.



Lafayette, Louisiana
June 27, 2014

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

**STATEMENTS OF NET POSITION
December 31, 2013 and 2012**

ASSETS	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	\$ 142,916	\$ 54,942
Certificates of deposit	1,000,000	600,000
Patient accounts receivable, net of estimated uncollectibles of \$186,696 and \$82,125 for 2013 and 2012, respectively	225,274	171,586
Ad valorem tax receivable, net of estimated uncollectibles of \$1,570 and \$1,862 for 2013 and 2012, respectively	95,936	193,039
Due from other governmental agencies	318,249	272,503
Inventory	13,253	11,315
Prepaid expenses	33,191	40,821
Other receivables	14,830	11,098
Total current assets	\$ 1,843,649	\$ 1,355,304
CAPITAL ASSETS		
Property, plant and equipment, at cost, less accumulated depreciation \$713,662 and \$600,716 for 2013 and 2012, respectively	220,278	298,372
Total assets	\$ 2,063,927	\$ 1,653,676
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 3,721	\$ 20,689
Accrued liabilities	111,918	89,383
Total current liabilities	\$ 115,639	\$ 110,072
NET POSITION		
Net investment in capital assets	\$ 220,278	\$ 298,372
Unrestricted	1,728,010	1,245,232
Total net position	\$ 1,948,288	\$ 1,543,604
Total liabilities and net position	\$ 2,063,927	\$ 1,653,676

See Notes to Financial Statements.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Net patient service revenues, net of provision for bad debts of \$252,573 and \$172,542 for 2013 and 2012, respectively	\$ 1,172,212	\$ 929,427
Other operating revenues	<u>477,561</u>	<u>445</u>
Total operating revenues	\$ 1,649,773	\$ 929,872
Operating expenses:		
Salaries	\$ 892,172	\$ 811,458
Advertising	3,551	1,612
Board members' per diems	2,400	2,650
Repairs and maintenance	33,334	40,020
Depreciation expense	112,946	111,836
Employee benefits	73,446	70,159
Fuel expense	37,445	34,501
Insurance expense	51,203	66,266
Intergovernmental transfer - supplemental payment program	201,758	-
Medical director	3,000	3,250
Other expenses	17,483	15,340
Payroll taxes	15,536	11,639
Postage and delivery	2,262	1,498
Professional expenses	31,852	15,160
Retirement expense	144,155	123,527
Supplies	52,222	50,797
Telephone expense	10,942	9,326
Utilities	<u>10,043</u>	<u>10,377</u>
Total operating expenses	\$ 1,695,750	\$ 1,379,416
Operating loss	\$ (45,977)	\$ (449,544)
Non-operating revenues:		
Ad valorem taxes, net of pension deduction	\$ 443,822	\$ 473,343
Investment income	6,839	5,162
Non-capital grants	<u>-</u>	<u>23,761</u>
Total non-operating revenues	\$ 450,661	\$ 502,266
Excess of revenues over expenses before capital grants	\$ 404,684	\$ 52,722

(Continued)

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Excess of revenues over expenses before capital grants	\$ 404,684	\$ 52,722
Capital grant income	<u>-</u>	<u>6,553</u>
Increase in net position	\$ 404,684	\$ 59,275
Net position beginning of year	<u>1,543,604</u>	<u>1,484,329</u>
Net position end of year	<u>\$ 1,948,288</u>	<u>\$ 1,543,604</u>

See Notes to Financial Statements.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients	\$ 1,118,524	\$ 879,400
Payments to suppliers and contractors	(701,908)	(430,879)
Payments to employees	(869,637)	(804,785)
Other receipts and payments, net	<u>474,679</u>	<u>(10,534)</u>
Net cash provided by (used in) operating activities	<u>\$ 21,658</u>	<u>\$ (366,798)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	\$ 495,179	\$ 398,152
Noncapital grants and donations	<u>-</u>	<u>23,761</u>
Net cash provided by non-capital financing activities	<u>\$ 495,179</u>	<u>\$ 421,913</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for the purchase of property and equipment	\$ (34,852)	\$ (10,981)
Capital grant income	<u>-</u>	<u>6,553</u>
Net cash used in capital and related financing activities	<u>\$ (34,852)</u>	<u>\$ (4,428)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	\$ 5,989	\$ 5,215
Redemption of certificates of deposit	200,000	200,000
Purchase of certificates of deposit	<u>(600,000)</u>	<u>(300,000)</u>
Net cash used in investing activities	<u>\$ (394,011)</u>	<u>\$ (94,785)</u>
Net increase (decrease) in cash and cash equivalents	\$ 87,974	\$ (44,098)
Cash and cash equivalents, beginning	<u>54,942</u>	<u>99,040</u>
Cash and cash equivalents, ending	<u><u>\$ 142,916</u></u>	<u><u>\$ 54,942</u></u>

(continued)

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended December 31, 2013 and 2012

	2013	2012
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	\$ (45,977)	\$ (449,544)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	112,946	111,836
Provision for bad debts	252,573	172,542
(Increase) decrease in assets -		
Patient accounts receivable	(306,261)	(222,569)
Prepaid expenses	7,630	(1,848)
Inventories	(1,938)	9,945
Other receivables	(2,882)	(10,979)
Increase (decrease) in liabilities -		
Accounts payable	(16,968)	17,146
Accrued liabilities	22,535	6,673
Net cash provided by (used in) operating activities	<u>\$ 21,658</u>	<u>\$ (366,798)</u>

See Notes to Financial Statements.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Organization and Summary of Significant Accounting Policies

The following is a summary of the Allen Parish Ambulance Service District No. 1's (the "Ambulance District") significant accounting policies:

Organization:

The Ambulance District was established by the Allen Parish Policy Jury, by virtue of the authority of R.S. 1261, et seq. The purpose of the Ambulance District is to own and operate ambulances for the transportation of persons suffering from illnesses or disabilities which necessitate ambulance care. The Ambulance District is governed by a Board of Commissioners composed of five qualified voters of the Ambulance District, which are appointed by the Allen Parish Police Jury. The Ambulance District is a component unit of the Allen Parish Police Jury. The accompanying financial statements present only the Ambulance District.

The financial statements of the Ambulance District have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Ambulance District are described below.

Method of accounting -

The Ambulance District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year they are levied. Grants are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. The Ambulance District's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Louisiana Governmental Audit Guide*, and the *Audit and Accounting Guide – Health Care Organizations*, published by the American Institute of Certified Public Accountants, and standards established by the GASB.

Use of estimates -

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents -

For purposes of the statements of cash flows, the Ambulance District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Under state law, the Ambulance District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana Law or any other state of the United States, or under the laws of the United States.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Trade receivables and allowance for uncollectible accounts -

Trade receivables are carried at the original billed amount less an estimate made for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written-off when deemed uncollectible. Recoveries of trade receivables previously written-off are recorded when received.

Inventories -

Inventories are valued at the latest invoice price, which approximates the lower of cost (first-in, first-out method) or market.

Property, plant, and equipment -

Property, plant, and equipment is stated at cost. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation expense in the basic financial statements. Donated property is recorded at its estimated fair value, at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of each class of depreciable assets.

Ambulances	5 years
Building improvements	10 years
Buildings	25 - 30 years
Equipment	5 - 10 years

Net patient revenue -

Net patient revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Grants and donations -

Revenues from grants and donations (including capital contributions of assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and donations may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Operating revenues and expenses -

The Ambulance District's statements of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Ambulance District's principal activity. Non-exchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Income taxes -

The Ambulance District is a political subdivision and exempt from taxes.

Advertising -

The Ambulance District expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2013 and 2012 totaled \$3,551 and \$1,612, respectively.

Risk management -

The Ambulance District is exposed to various risks of loss from tort; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health. Commercial insurance coverage is purchased for claims arising from such matters.

Restricted resources -

When the Ambulance District has both restricted and unrestricted resources available to finance a particular program, it is the Ambulance District's policy to use restricted resources before unrestricted resources.

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The Ambulance District does not currently have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Ambulance District does not currently have any items that qualify for reporting in this category.

Environmental matters -

The Ambulance District is subject to laws and regulations relating to the protection of the environment. The Ambulance District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the Ambulance District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Ambulance District. At December 31, 2013, management is not aware of any liability resulting from environmental matters.

Reclassifications –

To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net position.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Recent pronouncements:

In March of 2012, GASB issued Statement No. 65 "*Items Previously Reported as Assets and Liabilities.*" This statement is effective for financial statements for years beginning after December 15, 2012. This statement established accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows or resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

The adoption of GASB 65 in the current year had no impact on the classifications of certain items within the financial statements and only resulted in additional related disclosures.

Note 2. Third-Party Payor Arrangements

The Ambulance District participates in the Medicare and Medicaid programs as a provider of ambulance services to program beneficiaries. During the years ended December 31, 2013 and 2012, approximately 54% and 57%, respectively, of the Ambulance District's gross patient services were furnished to Medicare and Medicaid beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Ambulance District believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The Ambulance District has agreements with third-party payors that provide for payments to the Ambulance District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare** – Covered ambulance services are paid based on a fee schedule.

- Medicaid** – Covered ambulance services are paid based on a fee schedule.

The Ambulance District also has entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Ambulance District under these agreements is determined based on a prospectively determined rate per ambulance trip. The Ambulance District also discounts the base rate charge to parish residents excluding residents of Oakdale.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Note 3. Net Patient Service Revenues

Net patient service revenues for the years ended December 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Gross patient service revenue	\$ 2,656,470	\$ 1,925,229
Coushatta tribe contract revenue	<u>165,000</u>	<u>132,000</u>
Total gross patient service revenues	\$ 2,821,470	\$ 2,057,229
Less:		
Medicare and Medicaid contractual adjustments	(1,104,650)	(724,986)
Provision for bad debts	(252,573)	(172,542)
Coushatta tribe contract discounts	(47,999)	(50,407)
Insurance and other discounts	<u>(244,036)</u>	<u>(179,867)</u>
Net patient service revenues	<u>\$ 1,172,212</u>	<u>\$ 929,427</u>

Note 4. Deposits and Investments

The Ambulance District's investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in time deposits, money market investment accounts, or certificates of deposit with financial institutions insured by FDIC; direct obligations of the United States Government and its agencies; commercial paper issued by United States Corporations with a rating of A-1 (Moody's) and P-1 (Standard and Poor's) or higher; and government backed mutual trust funds. At December 31, 2013 and 2012, the Ambulance District's funds consisted solely of demand deposits and certificates of deposits. These deposits are stated at cost, which approximates market.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Ambulance District's deposits may not be returned to it. State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Ambulance District's policy requires that all bank balances be insured or collateralized by the financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage (FDIC). As of December 31, 2013 and 2012, \$1,150,139 and \$657,693, respectively, of the Ambulance District's bank balances and certificates of deposits were not exposed to credit risk. As of December 31, 2013, these deposits were secured from risk by \$250,000 of FDIC coverage and \$900,139 by pledged securities. As of December 31, 2012, the District's deposits were secured from risk by \$302,693 of FDIC coverage and \$355,000 by pledged securities.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Note 5. Accounts Receivable

Patient accounts receivable reported as current assets by the Ambulance District at December 31, 2013 and 2012 consisted of these amounts:

<u>Patient Accounts Receivable</u>	<u>2013</u>	<u>2012</u>
Receivable from patients and their insurance carriers	\$ 337,876	\$ 154,935
Receivable from Medicare	73,341	76,711
Receivable from Medicaid	753	22,065
Total patient accounts receivable	\$ 411,970	\$ 253,711
Less allowance for uncollectible amounts	(186,696)	(82,125)
Patient accounts receivable, net	<u>\$ 225,274</u>	<u>\$ 171,586</u>

Note 6. Concentrations of Credit Risk

The Ambulance District grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Medicare	18 %	30 %
Medicaid	- %	9 %
Other third-party payors/patients	<u>82 %</u>	<u>61 %</u>
	<u>100 %</u>	<u>100 %</u>

Note 7. Ad Valorem Taxes

The Ambulance District levied 9.76 mills on properties with assessed values of \$48,321,212 and \$46,231,565, net of homestead values, for the years ended December 31, 2013 and 2012, respectively.

The Ambulance District received approximately 24% in 2013 and 33% in 2012 of its financial support from ad valorem taxes. These funds were used to support operations.

The Ambulance District's property tax is levied by the parish on the taxable real property in the Ambulance District in late October of each year. Bills are sent out in November of each year at which time the Ambulance District records the tax revenue, taxes become delinquent on December 31st, and become a lien in the following March.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Note 8. Capital Assets

Capital assets additions, retirements, and balances for the years ended December 31, 2013 and 2012 were as follows:

	December 31,			December 31,
	2012	Additions	Retirements	2013
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Equipment	232,418	27,445	-	259,863
Office equipment	40,231	2,207	-	42,438
Buildings improvements	31,962	5,200	-	37,162
Ambulances	440,386	-	-	440,386
Building	149,091	-	-	149,091
Total historical cost	<u>\$ 899,088</u>	<u>\$ 34,852</u>	<u>\$ -</u>	<u>\$ 933,940</u>

Less accumulated depreciation for:

Equipment	\$ (162,747)	\$ (34,481)	\$ -	\$ (197,228)
Office equipment	(30,926)	(2,695)	-	(33,621)
Buildings improvements	(26,423)	(1,061)	-	(27,484)
Ambulances	(336,167)	(69,479)	-	(405,646)
Building	(44,453)	(5,230)	-	(49,683)
Total accumulated depreciation	<u>\$ (600,716)</u>	<u>\$ (112,946)</u>	<u>\$ -</u>	<u>\$ (713,662)</u>
Capital assets, net	<u>\$ 298,372</u>	<u>\$ (78,094)</u>	<u>\$ -</u>	<u>\$ 220,278</u>

	December 31,			December 31,
	2011	Additions	Retirements	2012
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Equipment	227,417	5,001	-	232,418
Office equipment	40,555	5,980	(6,304)	40,231
Buildings improvements	31,962	-	-	31,962
Ambulances	440,386	-	-	440,386
Building	149,091	-	-	149,091
Total historical cost	<u>\$ 894,411</u>	<u>\$ 10,981</u>	<u>\$ (6,304)</u>	<u>\$ 899,088</u>

Less accumulated depreciation for:

Equipment	\$ (128,935)	\$ (33,812)	\$ -	\$ (162,747)
Office equipment	(34,760)	(2,470)	6,304	(30,926)
Buildings improvements	(25,578)	(845)	-	(26,423)
Ambulances	(266,688)	(69,479)	-	(336,167)
Building	(39,223)	(5,230)	-	(44,453)
Total accumulated depreciation	<u>\$ (495,184)</u>	<u>\$ (111,836)</u>	<u>\$ 6,304</u>	<u>\$ (600,716)</u>
Capital assets, net	<u>\$ 399,227</u>	<u>\$ (100,855)</u>	<u>\$ -</u>	<u>\$ 298,372</u>

Depreciation expense for the years ended December 31, 2013 and 2012 amounted to \$112,946 and \$111,836, respectively.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Note 9. Compensated Absences and Sick Time

Ambulance employees earn 168 to 240 hours of vacation (depending on years of service) and office employees earn 120 vacation hours per year. Only employees with at least one year of service are eligible for vacation days. These vacation days can accrue to a maximum of 336 to 480 hours for Ambulance employees and a maximum of 240 hours for office employees. Accrued compensated absences at December 31, 2013 and 2012 was \$29,294 and \$15,101, respectively.

In December of 2009, the Ambulance District started a policy that allows field personnel to be paid for sick time on a yearly basis. The determination of the payment amount is limited to a threshold based on years of service. This threshold is defined in the Ambulance District's employee manual. Employees must be employed by the Ambulance District for at least one year and the sick days will not be paid upon retirement or separation of employment from the Ambulance District.

Note 10. Retirement

Plan Description. Substantially, all employees of the Allen Parish Ambulance Service District No. 1 are members of the Parochial Employees' Retirement System of Louisiana (the "System"), a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate Board of Trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the Ambulance District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Ambulance District funds and all elected parish officials are eligible to participate in the System. Under Plan A, members of the plan hired prior to January 1, 2007 may retire with 30 years of creditable service regardless of age, with 25 years of service at age 55, with 10 years of service at age 60, and with 7 years of service at age 65. Members of the plan hired January 1, 2007 and later may retire with 30 years of creditable service at age 55, with 10 years of service at age 62, and with 7 years of service at age 67. Benefit rates are 1% of final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if service was interrupted) plus \$2.00 per month for each year of service credited prior to January 1, 1980, and 3% of final compensation for each year of service after January 1, 1980. The System also provides disability and survivor benefits. Benefits are established by State statute.

The Parochial Employees' Retirement System issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225)928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the Ambulance District is required to contribute at an actuarially determined rate of 16.75% and 15.75% of annual covered payroll for 2013 and 2012, respectively. Contributions to the System include one-fourth of one percent of the amount of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plans A and B, based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Ambulance District are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Ambulance District's contributions to the System under Plan A for the years ended December 31, 2013, 2012 and 2011 were \$144,155, \$123,527, and \$122,845, respectively, and equal to the required contribution for each year.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Note 11 Supplemental Payments (UPL) for Emergency Ambulance Services

Effective 2012, The Ambulance District entered into a Cooperative Endeavor Agreement in order to receive quarterly supplemental payments for qualifying land ambulance and air ambulance providers for emergency transportation rendered. The Louisiana Department of Health and Hospitals (DHH) submitted the Supplemental Payment Program as Medicaid State Plan Amendment TN 11-23 which was approved by the Centers for Medicare and Medicaid Services (CMS) in June of 2012. The purpose of the program was to ensure that adequate and essential medically necessary healthcare services are accessible and available to low-income and/or indigent citizens and medically underserved populations in Louisiana. The Ambulance District agreed to transfer funds to DHH to be used as Medicaid matching funds for the purpose of making supplemental payments for emergency ambulance services and providing the State additional resources to assist in the medical cost to the State. Accordingly, these matching funds are comprised of (1) an amount to be utilized as the "non-federal share" of the supplemental payment for services provided by participating Medicaid Ambulance Providers and (2) the "State Retention Amount" which is fifteen percent (15%) of the "non-federal share" for the State to utilize in delivering healthcare services.

As permitted by State and Federal laws and regulations, DHH agrees to make supplemental Medicaid payments to ambulance providers. The total supplemental payment will include the total amount of the "non-federal share" and the "federal funds" generated by the "non-federal share" payments. The total amount of the supplemental payment is intended to reimburse all or part of the difference between the Medicaid payments otherwise made to these qualifying providers and the Average Commercial Rate for those services.

The Ambulance District made payments to DHH in conjunction with this agreement totaling \$201,758 and \$-0- in 2013 and 2012, respectively. These payments are recognized as an operating expense in the statements of revenues, expenses and changes in net position. DHH has made supplemental payments to the Ambulance District totaling \$458,541 and \$-0- in 2013 and 2012, respectively. These payments are recognized as other operating revenue in the statements of revenues, expenses and changes in net position.

SUPPLEMENTARY INFORMATION

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

SCHEDULES OF BOARD FEES
Years Ended December 31, 2013 and 2012

Board Members:

	2013	2012
Elsie Frank	\$ 400	\$ 550
Lowell Keys	550	600
Jackie Holland	600	650
Susan Doumite	500	300
Yvonne Hyatt	350	550
	<u>\$ 2,400</u>	<u>\$ 2,650</u>

The schedule of compensation paid to the Board of Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature. The Ambulance Service District's Board Members receive \$50 for each day of attendance at meetings of the commission.

See Independent Auditors' Report



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P. John Blanchet, III, CPA*
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Craig J. Viator, CPA*
John L. Istre, CPA*
Elizabeth J. Moreau, CPA*
Lonnie J. Hebert, CPA*
Robert M. DeRouen, Jr. CPA*

Directors:

Jason P. LeBlanc, CPA
Laurel L. Montagnet, CPA
Valeri A. Grayson, CPA

Retired Partners:

Sidney L. Broussard, CPA 1925-2005
Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA 1992
Geraldine J. Wimberley, CPA 1995
Lawrence A. Cramer, CPA 1999
Ralph Friend, CPA 2002
Donald W. Kelley, CPA 2005
George J. Trappey, III, CPA 2007
Terrel P. Dressel, CPA 2007
Herbert Lemoine II, CPA 2008
Mary T. Miller, CPA 2011
Mary A. Castille, CPA 2013

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Allen Parish Ambulance Service District No. 1
Kinder, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Allen Parish Ambulance Service District No. 1 as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Allen Parish Ambulance Service District No. 1's basic financial statements and have issued our report thereon dated June 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Allen Parish Ambulance Service District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allen Parish Ambulance Service District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Allen Parish Ambulance Service District No. 1's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses at 2013-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allen Parish Ambulance Service District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Allen Parish Ambulance Service District No. 1 Response to Findings

Allen Parish Ambulance Service District No. 1's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Allen Parish Ambulance Service District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion it.

Purpose of This Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control and compliance. This report is intended for the information and use of management, the Board of Commissioners, others within the entity and federal awarding agencies and pass-through entities and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this communication is not suitable for any other purpose, however, this report is a matter of public record and its distribution is not limited.



Lafayette, Louisiana
June 27, 2014

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2013

We have audited the basic financial statements of Allen Parish Ambulance Service District No. 1 as of and for the year ended December 31, 2013, and have issued our report thereon dated June 27, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements as of and for the year ended December 31, 2013 resulted in an unmodified opinion.

Section I. Summary of Auditors' Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Control deficiency(ies) identified that we do not consider to be material material weaknesses ☐ Yes ☒ None reported

Noncompliance material to financial statements noted ☐ Yes ☒ No

Section II. Financial Statement Findings

2013-1 Segregation of Duties

Finding: The Ambulance District does not have adequate segregation of duties. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize the Ambulance District may not be large enough to permit such procedures, it is important that you be aware of this condition. This condition was also included in the 2012 audit as item 2012-1.

Recommendation: Keeping in mind the limited number of personnel to which duties can be assigned, the Ambulance District should continue to monitor assignment of duties to assure as much segregation of duties and responsibility as possible. Board members should also review all financial information.

Response: The Ambulance District is aware of and evaluated this problem and concluded that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment. However, the Ambulance District will continue to monitor this issue and the board will review financial information on a timely basis.

Section III. Federal Award Findings and Questioned Costs

Not applicable.

ALLEN PARISH AMBULANCE SERVICE DISTRICT NO. 1

**SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended December 31, 2013**

Section I. Internal Control and Compliance Material to the Financial Statements

2012-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of personnel to which duties can be assigned, the Ambulance District should continue to monitor assignment of duties to assure as much segregation of duties and responsibility as possible. Board members should also review all financial information.

Current status: NOT RESOLVED – The Ambulance District is aware of and has evaluated this issue and concluded that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment. The Ambulance District will continue to monitor this issue with segregation of duties, and continues to review all financial information on a timely basis. This finding is also included in the audit report for the year ended December 31, 2013 and described in 2013-1.

Section II. Internal Control and Compliance Material to the Federal Awards

Not applicable.

Section III. Management Letter

Not applicable.